



MEMORANDUM

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|--------------|--|-----------------|---|
| TO: | George Burgess Assistant County Manager | DATE: | August 23, 2002 |
| FROM: | Corinne Brody, Director Office of Performance Improvement | SUBJECT: | Formation of Aviation Procurement Unit |

Summary

As requested, the Office of Performance Improvement (OPI) completed an analysis of procurement-related activities currently being performed by the Miami-Dade Aviation Department (MDAD). For the purposes of our review, we have defined procurement as the acquisition of goods or services through the establishment of contractual agreements with selected vendors. This definition is primarily functional, comprising those activities that the Department of Procurement Management (DPM) currently performs as an issuing authority for most County Departments. Examples of procurement activities include determining the appropriate procurement vehicle, formalizing solicitation and contract documents, advertising solicitations and issuing addenda, chairing selection committee meetings and completing contractual documentation. Examples of non-procurement user department activities include purchasing commodities off of existing County contracts or through the County's small purchase order process, identifying a need and preparing a draft scope of work, facilitating and monitoring the progress of procurement activities and managing vendor performance.

Generally, County contracts fall into one of four types: commodities, Architectural and Engineering (A&E), construction, and other goods and services including non-construction capital and concessions. Presently, solicitations for commodities and A&E services are issued by DPM on behalf of MDAD (and other user departments), although MDAD employees perform a significant amount of preparatory and administrative work for A&E contracts. For both construction and other goods and services, including concessions but excluding commodities, MDAD acts as the issuing department. The procurement of goods and services including non-construction capital and concessions is targeted for centralization as directed by the County Manager.

Our analysis reveals that nine employees in MDAD and three contracted personnel in Dade Aviation Consultants (DAC) are presently involved with carrying out certain goods and services¹ procurement activities for MDAD. Table I below summarizes the estimated percentage of staff's time spent on procurement activities for goods and services contracts, excluding those related to construction, A&E and commodities. Our research indicates that, according to the best estimates of staff, a total of 4.11 full-time equivalents (FTEs), including support from DAC, currently perform procurement activities for MDAD goods and services contracts. This total includes 2.98 FTEs from the Contract Administration Division of MDAD and 1.13 FTEs from DAC. Total FTEs exclude senior management and supervisory oversight.

¹ Throughout this document, the term "goods and services" is used to refer to solicitations for goods and services contracts including capital non-construction and concessions but excluding construction contracts, Architectural and Engineering (A&E) services, commodities and small purchases.

| Table 1 MDAD Goods and Services Procurement Activities Staff FTEs | | |
|---|---------------------------------|---|
| Staff | Number of Personnel Involved | FTE Staff Performing Procurement Activities for Goods and Services Contracts |
| Professional Staff, MDAD Contracts Administration | 6 | 2.41 |
| Clerical Support, MDAD Contracts Administration | 3 | 0.57 |
| DAC Staff | <u>3</u> | <u>1.13</u> |
| Total | 12 | 4.11 |

Presently, MDAD Contracts Administration is working on a total of 32 solicitations of all types with a total estimated dollar value of \$352 million. This workload is expected to rise in the upcoming years, and MDAD has identified 52 solicitations to be completed by 2008 with a total estimated value of \$442 million. Further analysis is required to determine what portion of each contract determined by MDAD to be construction-related also requires procurement of goods and services.

OPI suggests that, with MDAD participation, DPM prepare an initial implementation plan for effecting the transition of procurement responsibilities, to include a review by the Employee Relations Department (ERD) of appropriate classifications for the new unit, the identification of current and upcoming projects to be transferred and the development of operational and communication protocols to ensure the needs of both departments are met. The plan should recognize the need to form a unit with staff possessing the requisite skills and with appropriate management oversight, and should take into account the anticipated growth in workload.

Background

In the County Manager's proposed budget for Fiscal Year 2002-2003, it was recommended that all non-construction related procurement functions currently being carried out independently by County Departments be transferred to the Department of Procurement Management (DPM) in order to ensure the consistent and efficient procurement of goods and services. Through survey research, DPM determined that three departments currently issue solicitations for goods and services independently of DPM: MDAD, Public Works, and Transit. DPM also conducted preliminary research regarding the potential staff needed to perform these functions internally. However, it was determined that additional study would be required to determine the staffing level required to meet the procurement needs of MDAD. Consequently, OPI was requested to conduct a more detailed analysis of daily staff activities including procurement and other contract administration activities.

Methodology

OPI staff conducted initial interviews with MDAD's Assistant Director for Administrative Services, Manager of Aviation Contracts Administration, and Acting Manager of Aviation Commodities Management in order to gain an understanding of the overall procurement and purchasing organizational structure and processes at MDAD. OPI then conducted detailed, one-on-one interviews of 51 employees within both divisions, including eight contracted personnel in Dade Aviation Consultants (DAC) to determine their job functions and responsibilities

and the approximate apportionment of their time on these tasks. Additionally, we conducted analyses of the past, current and upcoming solicitation workload. Finally, we identified a series of key issues to be considered as the County moves toward centralization.

Findings

The results of our analysis are summarized in the following attachments:

| | |
|----------------|---|
| Attachment I | Contracts Administration and Commodities Management Table of Organization |
| Attachment II | Procurement FTE Summary |
| Attachment III | Procurement and Contract Administration with DAC Support (in FTEs) |
| Attachment IV | Contracts Administration Projects, FY 2000-2002 and Upcoming Workload |

Attachment I outlines the organizational structure of the Contracts Administration and Commodities Management divisions at MDAD. Together, these divisions ensure the timely acquisition and distribution of goods and services for the Department and manage construction contracts to support MDAD's Capital Improvement Program (CIP).

Attachment II indicates the various job functions and responsibilities of all staff in the Contracts Administration and Commodities Management Divisions at MDAD, including contracted DAC personnel. Our research indicates that of these individuals, six professional staff and three clerical support personnel within the Aviation Contracts Administration Division are responsible for the bulk of the work associated with issuing and/or managing various types of solicitations, including those for goods and services unrelated to construction. Additionally, three contracted personnel with Dade Aviation Consultants (DAC) also perform procurement-related functions. Our analysis indicates that the procurement functions targeted for transfer to DPM are currently being performed by the equivalent of 2.98 FTEs in the Contracts Administration Division and 1.13 FTEs in DAC, for a total of 4.11 FTEs. A detailed breakdown of these staff activities is included in Attachment III. It should be noted that the total FTEs performing procurement activities do not include an allocation for management staff performing supervision and oversight.

The Contracts Administration workload, detailed in Attachment IV, is considerable. From 2000 to the present, the Division has completed or is in the process of administering 52 solicitations (excluding seven solicitations placed on hold) with a total estimated value of almost \$1.4 billion. At present, the Division is in the process of administering 20 solicitations deemed non-construction goods and services with a total estimated value of \$117.9 million. Additionally, the Division has identified 52 upcoming solicitations to be completed by 2008 with a total estimated value of \$441.6 million. Of these, two are for non-construction goods and services. It is also foreseeable that additional needs for such goods and services, as yet unidentified, will arise in the upcoming years. It should be noted that although projects have been preliminarily classified as "construction" or "goods and services", this does not include a complete appraisal of what specific elements are included in each project. For example, a contract classified as "construction" may also include

capital equipment or other goods that could be acquired independently of the construction solicitation. Consequently, further analysis is required by DPM and MDAD to further clarify how procurement should be handled for these upcoming solicitations.

Presently, five project managers at MDAD are responsible for an average of six to seven solicitations each, including Requests for Proposals (RFPs), Requests for Qualifications (RFQs), Invitations to Bid (ITBs), and A&E solicitations issued by DPM, with an average total dollar value of \$70 million. This is in addition to their other responsibilities. Additionally, with the 52 upcoming projects to be completed by 2008, the average workload increases to 10.4 projects per project manager with an average total value of \$88 million. This does not include projects currently in progress, or the seven projects presently on hold with an estimated total value of \$495 million.

Centralization Issues

OPI has identified a number of issues that should be considered as the County moves to centralize procurement activities. These include:

- **MDAD customer service requirements.** The new DPM Aviation Unit must meet the customer service needs of MDAD and its business partners. This includes being dedicated and responsive to MDAD in order to award contracts expeditiously. Failure to meet these requirements will negatively impact MDAD operations and, in the case of revenue-generating contracts, reduce its revenues. It is important to note that MDAD Contracts Administration is currently engaged in an effort to reduce the average time from project initiation to award by streamlining its administrative processes. The DPM Aviation Unit and MDAD should work together to effect a smooth transition and to continue streamlining these processes to ensure that MDAD's customer needs are met.
- **Approach to decision-making regarding procurement methods.** Currently, MDAD determines the procurement method for both construction and goods and services contracts. However, DPM is ultimately responsible for determining appropriate procurement strategies and vehicles in accordance with Countywide policy. Consequently, DPM should participate in this decision-making process at project conception (needs development and scope preparation) in order to minimize time conflicts and project delays. The unique demands and regulations inherent to the aviation industry call for careful consideration and collaboration.
- **Work hours.** Due to the time-sensitivity of certain high profile projects, project managers in the Contracts Administration division are occasionally required to work extra hours, including weekends and holidays, particularly during complex contract negotiations. Staff of the DPM Aviation Unit should be prepared to work irregular hours when necessary for priority projects.
- **Placement of unit/Supervision.** Currently, DPM has separate divisions for RFPs/RFQs and for Bids and Contracts. Staff members specialize in either of the solicitation types. Conversely, MDAD staff is cross-trained and each project manager administers the various solicitation methods as needed. Similarly, the DPM Aviation Unit will be responsible for both types of solicitations. Consequently, placement of the

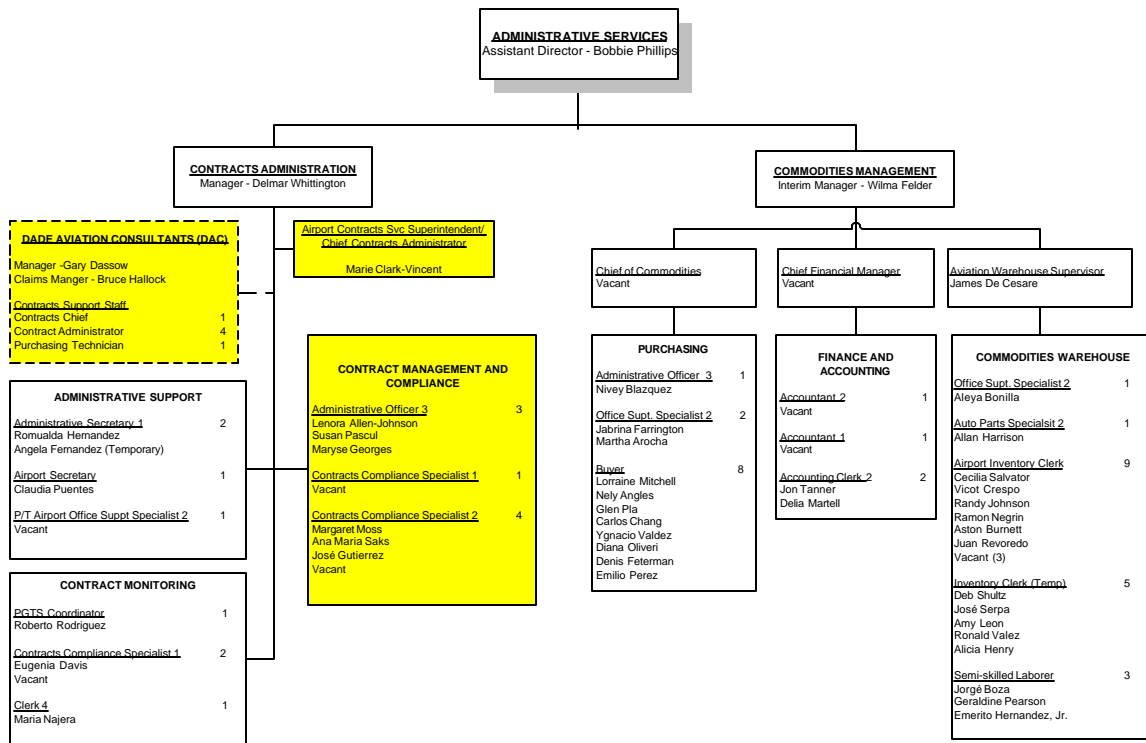
unit within the DPM organizational structure should be carefully considered. Staff should have access to senior managers with detailed knowledge of both solicitation processes.


- **Employee classifications and pay ranges.** OPI's research indicates that pay ranges for employees performing approximately comparable work within DPM and MDAD are not equivalent at present. This discrepancy in classifications and salaries should be reviewed by ERD as centralization efforts move forward. Additionally, a number of pending reclassification requests for MDAD staff should be considered.
- **Systems compatibility.** MDAD Contracts Administration designed and utilizes the Contract Administration Tracking System (CATS) database to manage its solicitations. Additionally, the division uses the PGTS system for contract administration. The DPM Aviation Unit should carefully evaluate the continued use of these programs with respect to their utility and compatibility with existing DPM automated systems.
- **Interaction with MDAD Commodities Management Division.** Our research indicates that employees in the Commodities Management Division do not presently conduct procurement related functions as defined above; that is, they are primarily responsible for purchasing goods and services off of existing contracts and managing the receipt, storage and disbursal of goods. However, occasionally the Division receives a request for goods or services for which there is no existing County contract. DPM and MDAD should determine a clear policy and identify whether Commodities Management should contact the DPM Aviation Unit or another DPM division to initiate procurement or to access state or local contracts.
- **MDAD staffing requirements.** MDAD has indicated its intention to re-assume certain responsibilities (contract formation and administration and procedures development) currently handled by DAC personnel. The impact of this increase in work on MDAD's staffing requirements should be considered during the centralization process. A suggested approach is for DPM to absorb the volume of procurement activities currently being performed by DAC as the first step in the reassignment of responsibilities. Subsequent to the successful transition of central procurement functions, including both functions performed by MDAD and DAC staff, MDAD may proceed to assume the remaining functions from DAC.

Attachments

c: Theodore Lucas, Director, Department of Procurement Management
Angela Gittens, Director, Miami-Dade Aviation Department
Bill Johnson, Assistant County Manager

Attachment I
Miami-Dade County
Aviation Department
Contracts Administration and Commodities Management Table of Organization



 Indicates organizational sections involved with procurement activities

Attachment I
Miami-Dade Aviation
Procurement FTE Summary

| Staff | | Position/Classification | Procurement Related Activities By Contract Type | | | | Non-Procurement Activities |
|-----------------------------------|--------------------------------------|---------------------------------------|---|--------------------|--------------|-------------|----------------------------|
| | | | A&E | Goods and Services | Construction | Commodities | |
| Contracts Administration Division | | | | | | | |
| 1 | Delmar Whittington | Manager | | | | | 1.00 |
| 2 | Marie Clark-Vincent | Contract Service Superintendent | | 0.30 | 0.22 | | 0.48 |
| 3 | Susan Pascou | A.O. 3 | | 0.42 | 0.31 | | 0.27 |
| 4 | Lenora Allen-Johnson | A.O. 3 | | 0.42 | 0.31 | | 0.27 |
| 5 | Ana Maria Saks | Contracts Compliance Specialist 2 | | 0.42 | 0.31 | | 0.27 |
| 6 | Margaret Hawkins-Moss | Contracts Compliance Specialist 2 | | 0.42 | 0.31 | | 0.27 |
| 7 | Manyse Georges | A.O. 3 | | 0.45 | 0.33 | | 0.22 |
| 8 | Romualdo Hernandez | Administrative Secretary 1 | | | | | 1.00 |
| 9 | Claudio Puentes | Secretary | | 0.14 | 0.11 | | 0.75 |
| 10 | Angela Fernandez | Administrative Secretary (TEMP) | | 0.14 | 0.11 | | 0.75 |
| 11 | McKenna Harvey | Temp Agency Employee | | 0.29 | 0.21 | | 0.50 |
| 12 | Maria Najera | Clerk 4 | | | | | 1.00 |
| 13 | Roberto Rodriguez | PGTS Coordinator | | | | | 1.00 |
| 14 | Eugenia Davis | Contracts Compliance Specialist 1 | | | | | 1.00 |
| 15 | Jose Gutierrez | Contracts Compliance Specialist 2 | | | | | 1.00 |
| 16 | VACANT | Contracts Compliance Specialist 1 | | | | | 1.00 |
| Subtotal | | | | 2.98 | 2.23 | | 10.79 |
| Dade Aviation Consultants | | | | | | | |
| 1 | Dassow, Gary | Manager | | | | | 1.00 |
| 2 | Hallock, Bruce | Claims Manager | | | | | 1.00 |
| 3 | Blake, Mike | Contracts Chief | | | | | 1.00 |
| 4 | Nawbery, Don | Contract Administrator | | 0.08 | 0.64 | | 0.28 |
| 5 | Lopez, Ana | Contract Administrator | | | 0.17 | | 0.83 |
| 6 | Gallher, Gary | Contract Administrator | | 0.80 | | | 0.20 |
| 7 | Wroy, Myrtha | Contract Administrator | | | 0.17 | | 0.83 |
| 8 | Robinson, Helen | Purchasing Technician/Admin Assistant | | 0.25 | 0.25 | | 0.50 |
| Subtotal | | | | 1.13 | 1.23 | | 5.64 |
| Commodities Management Division | | | | | | | |
| 1 | Wilma Felder | Interim Manager | | | | | 1.00 |
| 2 | Naiya Blazquez | A.O. 3 | | | | | 1.00 |
| 3 | Martha Arocha | OSS 2 | | | | | 1.00 |
| 4 | Jabrina Farrington | OSS 2 | | | | | 1.00 |
| 5 | John Tanner | Account Clerk 2 | | | | | 1.00 |
| 6 | Delia Martel (non interviewee) | Account Clerk 2 | | | | | 1.00 |
| 7 | VACANT | Financial Manager | | | | | 1.00 |
| 8 | VACANT | Accountant 2 | | | | | 1.00 |
| 9 | VACANT | Accountant 1 | | | | | 1.00 |
| 10 | VACANT | Accountant 1 | | | | | 1.00 |
| 11 | Emilio Perez | Buyer | | | | | 1.00 |
| 12 | Ygnacio Valdez | Buyer | | | | | 1.00 |
| 13 | Diana Olvan | Buyer | | | | | 1.00 |
| 14 | Denis Feterman | Buyer | | | | | 1.00 |
| 15 | Nely Angles | Buyer | | | | | 1.00 |
| 16 | Carlos Chang | Buyer | | | | | 1.00 |
| 17 | Glen Pla | Buyer | | | | | 1.00 |
| 18 | Lorraine Mitchell (non interviewee) | Buyer | | | | | 1.00 |
| 19 | James De Cesare | Aviation Warehouse Supervisor | | | | | 1.00 |
| 20 | Aleyda Bonilla | OSS2 | | | | | 1.00 |
| 21 | Cecilia Salvador (Sr. Lead Worker) | Airport Inventory Clerk | | | | | 1.00 |
| 22 | Victor Crespo | Airport Inventory Clerk | | | | | 1.00 |
| 23 | Randy Johnson | Airport Inventory Clerk | | | | | 1.00 |
| 24 | Ramon Negrin | Airport Inventory Clerk (GSA) | | | | | 1.00 |
| 25 | Aston Burnett (Lead Worker) | Airport Inventory Clerk | | | | | 1.00 |
| 26 | Juan Revoredo | Airport Inventory Clerk | | | | | 1.00 |
| 27 | Deborah Schultz | Airport Inventory Clerk (Temp) | | | | | 1.00 |
| 28 | Jose L. Serpis | Airport Inventory Clerk (Temp) | | | | | 1.00 |
| 29 | Alan Harrison | Auto Parts Spec. 2 | | | | | 1.00 |
| 30 | Ronald Velez (Auto Parts Warehouse) | Airport Inventory Clerk (Temp) | | | | | 1.00 |
| 31 | Amarilis Leon (Auto Parts Warehouse) | Account Clerk (Temp) | | | | | 1.00 |
| 32 | Jorge Boza | Semi-skilled Laborer | | | | | 1.00 |
| 33 | Ermento Hernandez, Jr. | Semi-skilled Laborer | | | | | 1.00 |
| 34 | Geraldine Pearson (non interviewee) | Semi-skilled Laborer | | | | | 1.00 |
| 35 | Alicia Henry (non interviewee) | Airport Inventory Clerk (Temp) | | | | | 1.00 |
| Subtotal | | | | | | | 35.00 |
| Grand Total* | | | | 4.11 | 3.46 | | 51.43 |

* FTEs counted for procurement-related activities exclude senior management and supervisory oversight.

* FTEs computed for procurement related activities exclude senior management and supervisory oversight.

| Miami-Dade County Aviation Department | | | | | | | | | |
|---|------------------------|------------------------------------|--|--|--------------------------|--|--------------------------------------|--------------------------------------|-------------------|
| Attachment III Work Activities and Time Apportionment in F.T.E.s | | | | | | | | | |
| Contract Management | Susan Pascal A.O. 3 | Lenora Allen- Johnson A.O. 3 | Ann Maria Soto Compliance Specialist 2 | Margaret Hawkins-Moss Compliance Specialist 2 | Maryjo Georges A.O. 3 | Jessie Gutierrez Compliance Specialist 2 | VACANT Compliance Specialist 2 | VACANT Compliance Specialist 1 | F.T.E. Equivalent |
| Preparation for Work | ✓ | ✓ | ✓ | ✓ | ✓ | | | | |
| - Receive work needs from Project Managers | | | | | | | | | |
| - Determine procurement method | | | | | | | | | |
| A/E Process | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | | | | |
| - Prepare and send documents to DPM for A/E work | | | | | | | | | |
| Subtotal | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | | | | 0.50 |
| Non-Construction Related Procurement | | | | | | | | | |
| - Work includes developing special/complex/minimum qualifications, preparing and advertising solicitation documents, and administering solicitation process | 0.20 | 0.20 | 0.20 | 0.21 | 0.20 | | | | |
| Contract preparation and negotiations | 0.09 | 0.09 | 0.09 | 0.09 | 0.09 | | | | |
| Liaison with Minority Affairs/D&D | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.06 | | | |
| Legal Review | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | | | | |
| Review/preparation of change orders and amendments | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | | | | |
| Bid protest process | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | | | | |
| Prepare BOC agenda items | | | | | | | | | |
| Subtotal | 0.42 | 0.42 | 0.42 | 0.42 | 0.45 | 0.06 | | | 2.17 |
| Construction Related Procurement | | | | | | | | | |
| - Work includes developing special/complex/minimum qualifications, preparing and advertising solicitation documents, and administering solicitation process | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | | | | |
| Contract preparation and negotiations | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | | | | |
| Liaison with Minority Affairs/D&D | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.04 | | | |
| Legal Review | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | | | | |
| Review/preparation of change orders and amendments | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | | | | |
| Bid protest process | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | | | | |
| Prepare BOC agenda items | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | | | | |
| Subtotal | 0.31 | 0.31 | 0.31 | 0.31 | 0.33 | 0.04 | | | 1.63 |
| Non-Procurement related activities | | | | | | | | | |
| Contract management and administration | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | | | | |
| Prepare miscellaneous reports | 0.03 | 0.03 | 0.03 | 0.03 | 0.05 | 0.05 | | | |
| Vendor assistance | 0.03 | 0.01 | 0.01 | 0.01 | 0.01 | | | | |
| Respond to public records requests | 0.02 | 0.05 | 0.07 | 0.05 | 0.02 | | | | |
| Administer Code of Silence | | | | 0.02 | | | | | |
| Prepare 6-month forecast | | 0.02 | | | | | | | |
| Work on CATS System | 0.03 | | | | | 0.20 | | | |
| Process Monthly Utilization Reports (MURs) | | | | | | | | | |
| Ensure equitable distribution of work | | | | | | 0.35 | | | |
| Track contracts through approval process | | | | | | 0.25 | | | |
| Miscellaneous administration | | | | | | 0.05 | | | |
| Subtotal | 0.2 | 0.2 | 0.2 | 0.2 | 0.1 | 0.9 | | | 1.65 |
| Grand Total | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | | | 6 |

Note: Checkmarks (✓) indicate tasks not given a percentage by interviewee.

Attachment IV
Contracts Administration Projects
FY 2000-2002* and Upcoming Workload

[illegible]



MEMORANDUM

TO: George Burgess
Assistant County Manager

DATE: September 25, 2002

FROM: Corinne Brody, Director
Office of Performance Improvement

SUBJECT: Consolidation of
Procurement Functions in
MDT and PWD

Summary

As requested, the Office of Performance Improvement (OPI) completed an analysis of procurement-related activities currently being performed by the Miami-Dade Transit Agency (MDT) and the Public Works Department (PWD). For the purposes of our review, we have defined procurement as the acquisition of goods or services through the establishment of contractual agreements with selected vendors. This definition is primarily functional, comprising those activities that the Department of Procurement Management (DPM) currently performs as an issuing authority for most County Departments. Examples of procurement activities include determining the appropriate procurement vehicle, formalizing solicitation and contract documents, advertising solicitations and issuing addenda, chairing selection committee meetings and completing contractual documentation. Examples of non-procurement user department activities include purchasing commodities off of existing County contracts or through the County's small purchase order process, identifying a need and preparing a scope of work, facilitating and monitoring the progress of procurement activities and managing vendor performance. The procurement of goods and services including capital non-construction procurement is recommended for consolidation in the County Manager's proposed FY02-03 budget.

Generally, County contracts fall into one of four types: commodities, Architectural and Engineering (A&E), construction, and other goods and services including capital non-construction and concessions. Presently, solicitations for commodities and A&E services are issued by DPM on behalf of the user departments. However, one MDT staff performs procurement work (preparatory and administrative) for A&E contracts. For both construction and other goods and services, including property development and leasing but excluding commodities, MDT and PWD act as issuing departments.

Our analysis reveals that 11 employees in MDT and six in PWD are presently involved with carrying out certain goods and services¹ procurement activities for their respective departments. Table I below summarizes the estimated percentage of staff's time spent on procurement activities for goods and services contracts excluding those related to construction. Our MDT research indicates that, according to the estimates provided by individual staff, a total of 3.78 full-time equivalents (FTEs) in two divisions currently perform procurement activities for goods and services contracts. This includes two vacant Transportation Economic Development Specialist (TEDS) positions that the Department estimates would dedicate a total of 0.96 FTE to goods and

¹ Throughout this document, the term "goods and services" is used to refer to solicitations for goods and services contracts including capital non-construction and property development and leasing but excluding construction contracts, Architectural and Engineering (A&E) services, commodities and small purchases.

services procurement. In the intermediate term, other unit personnel have absorbed the workload for these positions. Property Development staff, who procure short and long term leases and contract for joint development projects, account for 2.58 of the total 3.78 FTEs. These functions may however, remain with MDT.

| Table 1 | | |
|--|----------------------------|---|
| MDT and PWD Goods and Services Procurement Activities | | |
| Staff FTEs | | |
| Organizational Section | Number of Personnel | FTE Staff Performing Procurement Activities for Goods and Services |
| MDT | | |
| • Property Development | 9* | 2.58 |
| • Materials Management | <u>2</u> | <u>1.20</u> |
| | 11 | 3.78 |
| PWD | | |
| • Contracts and Specifications | 4 | 1.13 |
| • Special Taxing Districts | <u>2</u> | <u>0.03</u> |
| | 6 | 1.16 |

* Includes two vacant Transportation Economic Development Specialist positions for which a total of 0.96 FTE would be spent on goods and services procurement

In addition to the above, MDT maintains an Office of Civil Rights that has significant involvement in procurement activities required by the Federal Transit Agency (FTA). Currently, the acting Chief of the Office of Civil Rights also performs the functions of a Disadvantaged Business Enterprise (DBE) Coordinator as shown in Attachment 1. Additionally, the vacant contract Compliance Specialist position for this office will be filled by October 2002 and the department plans to distribute responsibilities as indicated. It is anticipated that the majority of the FTA-related functions will continue in MDT.

Our review of the PWD indicates a total of 1.13 of the 14 FTEs in Contracts and Specification and 0.03 of the 3 FTEs in the Special Taxing District section perform procurement activities (Attachment II).

We suggest that with MDT and PWD participation, DPM prepare initial transition plans. Plans should include an Employee Relations Department (ERD) review of appropriate classifications, identification of current and upcoming projects to be transferred and the development of operational and communication protocols to ensure the needs of all departments are met. The plans should also recognize the need for the transition of staff possessing the requisite skills, take into account the DPM supervisory and management structure and address current and anticipated future department workloads.

Background

The County Manager's proposed budget for fiscal year 2002-2003 recommended that all non-construction related procurement functions currently being carried out independently by County Departments be transferred to the DPM in order to ensure the consistent and efficient procurement of goods and services. Through survey

research, DPM determined that three departments currently issue solicitations for goods and services independently of DPM: Miami-Dade Aviation Department (MDAD), PWD and MDT. DPM also conducted preliminary research regarding the potential staff needed to perform these functions internally. However, it was determined that additional study would be required to determine the staffing level required to meet the procurement needs of these departments. The Office of Performance Improvement (OPI) conducted a more detailed analysis of daily staff activities at MDAD including procurement and other contract administration activities, the results of which are contained in my August 23, 2002 memorandum. OPI was requested to conduct a similar analysis of staff activities at MDT and PWD.

Methodology

OPI staff conducted initial interviews with the Manager of the PWD Highway Division, Chief of MDT's Project Control Division, Manager of MDT's Materials Management Division, and Chief of Property Development in order to gain an understanding of the overall procurement and purchasing organizational structure and processes in both departments. Subsequently, OPI and the Office of Management and Budget conducted detailed, one-on-one interviews of 28 employees in MDT, and 15 employees in PWD to determine their job functions and responsibilities and an approximate apportionment of their time on these tasks. Additionally, OPI analyzed past, current and upcoming procurement workload and also identified a series of key issues to be considered as the County moves toward consolidation.

Findings

The results of our analysis are summarized in the following attachments:

| | |
|----------------|---|
| Attachment I | Miami-Dade Transit Procurement FTE Summary |
| Attachment II | Public Works Department Procurement FTE Summary |
| Attachment III | Miami-Dade Transit Fiscal 2000-2002 Workload and Upcoming Projects |
| Attachment IV | Public Works Department Fiscal 2000-2002 Workload and Upcoming Projects |
| Attachment V | Miami-Dade Transit Partial Table of Organization |
| Attachment VI | Public Works Department Partial Table of Organization |

Attachments I and II detail the staff (including contracted personnel), job functions and responsibilities for those FTEs involved with procurement functions in each department. Our analysis indicates that the procurement functions recommended for transfer to DPM are currently being performed by the equivalent of 3.78 FTEs in MDT and 1.16 FTEs in PWD. It should be noted that the total FTEs performing procurement activities do not include an allocation for management staff performing supervision and oversight. The divisions involved with procurement of goods include the Property Development and Materials Management divisions at MDT and the Contracts and Specifications and Special Taxing District sections of PWD. Together, these divisions ensure the timely acquisition and distribution of goods and services for their respective departments and manage construction contracts to support capital improvement efforts. The functions of these organizational units as they relate to solicitations are:

- Property Development issues solicitations for the leasing and development of MDT properties. This

division also coordinates the leasing of private property to MDT and leasing of County property to others.

- Materials Management issues solicitations for other goods and services such as small bus maintenance and special transportation services (STS). Additionally, the division is responsible for purchasing and inventory management, inter-local agreements with other public agencies, and the issuing of work orders through pre-qualified pool contracts.
- Contracts and Specifications issues ad hoc PWD solicitations for tree trimming, boats, tow trucks, lot clearing and landscaping, in addition to numerous construction contracts.
- Special Taxing Districts prepares PWD solicitation and contract renewal documents for procuring security services and forwards these to Contracts and Specifications for processing.

From FY 2000 to the present, MDT has completed a total of 38 solicitations, including Requests for Proposals (RFPs), Requests for Qualifications (RFQs), Invitations to Bid (ITBs), A&E solicitations and joint development agreements with an estimated total value of \$540 million. An additional 13 solicitations with an estimated total value of \$83 million are in process, while the Materials Management division has identified three upcoming RFPs to be completed in the near future. Additionally, the Materials Management and Property Development divisions have completed or expect to complete an assortment of other procurement-related activities including inter-local agreements, short- and long- term leases of MDT property, and more than 300 work orders issued through pre-qualified pool contracts. It is expected that actual future project volume will rise as additional needs are identified, particularly in the case of A&E and construction projects. Work volumes will increase dramatically if voters approve the one-half penny tax during the November 2002 elections.

From FY 2000 to the present, PWD issued 26 solicitations for goods and services, primarily landscaping and security guard services, with a total estimated value of approximately \$10 million. Information regarding upcoming workload and construction projects was not available.

Consolidation Issues

OPI has identified a number of issues that should be considered as the County moves to consolidate procurement activities. These include:

- **FTA Requirements.** Transit projects that are fully or partially funded by the Federal Transit Agency (FTA) must comply with all FTA procurement requirements. These requirements may differ or conflict with some County procurement practices such as assigning WBE, HBE and BBE goals. DPM should recognize these discrepancies and resolve any procedural or legal issues as far in advance as possible, in order to ensure that federal funding is not jeopardized.

MDT is self-certified to complete solicitations under FTA rules. Without this certification, each relevant solicitation would have to be sent to the FTA for approval prior to advertisement. It is unclear how the FTA review will be handled once procurement is consolidated. MDT and DPM should clarify this issue and provide a mechanism to ensure timely procurement of goods and services under FTA guidelines.

The FTA imposes stringent filing and reporting requirements and conducted three procurement audits in the past fiscal year. MDT and DPM working with the FTA should agree on an appropriate division of responsibilities with respect to these requirements and develop the appropriate operating procedures. Additionally, in order to verify that bid prices are reasonable and realistic, the FTA also requires the procuring division to prepare an independent cost/price analysis before awarding any contract. This requires DPM to coordinate closely with MDT to complete all FTA requirements prior to making award recommendations.

- **MDT customer service requirements.** DPM must meet the customer service needs of MDT and its business partners. In particular, where it is contemplated to procure goods and services needed for construction separately, timing and coordination issues have to be thoroughly assessed to minimize the impact on project schedules and public safety as well as ensure federal funding for essential projects is not jeopardized.

Storage and delivery logistics, coordinated scheduling and product warranty are four additional issues to be considered where construction procurement is separated from related goods and services contracts. Consequently, before making procurement decisions, the County should consider the impact on storage requirements and inventory management.

- **Approach to decision-making regarding procurement methods.** Currently, MDT and PWD determine the procurement method for both construction and goods and services contracts. However, DPM is ultimately responsible for determining appropriate procurement strategies and vehicles in accordance with countywide policy. Consequently, DPM should participate in this decision-making process at project conception (needs development and scope preparation) in order to minimize time conflicts and project delays.
- **Assistance with scope preparation.** Presently, professional staff at MDT and PWD assist user divisions in refining scopes of work prior to issuing solicitations. In many cases, users have technical expertise but lack familiarity with scope and technical writing for solicitations. As consolidation efforts proceed, departments should determine who should perform this function. The impact of this decision on staff requirements should also be assessed.
- **Leases, joint development contracts and inter-local agreements.** MDT manages transit property leases (Attachment III), solicits, promotes and executes joint development programs and executes and renews inter-local agreements. While OPI reported the procurement portion of these activities as goods and services procurement, it is unclear whether DPM will assume all these duties. OPI recommends that MDT and DPM jointly assess these activities and assign appropriate responsibilities.

Attachments

- c: Theodore Lucas, Director, Department of Procurement Management
Danny Alvarez, Director, Miami-Dade Transit Agency
Aristides Rivera P.E., P.L.S., Director, Public Works Department

George Burgess

Consolidation of Procurement Functions in MDT and PWD

Page 6

Pete Hernandez, Assistant County Manager

Bill Johnson, Assistant County Manager

Attachment I
Miami-Dade Transit
Procurement FTE¹ Summary

| Staff | | Position/Classification | Procurement Related Activities By Contract Type | | | | Non-Procurement Activities ² |
|---|--|---|---|--------------------|--------------|-------------|---|
| | | | A&E | Goods and Services | Construction | Commodities | |
| Property Development | | | | | | | |
| 1 | Frank Talleda | Chief | | | | | 1.00 |
| 2 | Carolyn Read | A. O. 3 | | 0.45 | | | 0.55 |
| 3 | Robin Stafeld | A. O. 3 | | 0.09 | 0.05 | | 0.86 |
| 4 | VACANT | A. O. 3 (Ivonne Andres is on-loan) | | 0.50 | | | 0.50 |
| 5 | Marion Pratt | Transit Economic Development Specialist | | 0.48 | 0.24 | | 0.28 |
| 6, 7 | VACANT (2) | Transit Economic Development Specialist | | 0.96 | 0.48 | | 0.56 |
| 8 | Esther Peres | Secretary | | 0.10 | | | 0.90 |
| Subtotal | | | - | 2.58 | 0.77 | - | 4.65 |
| Project Control | | | | | | | |
| 1 | George Navarette | Chief | | | | | 1.00 |
| 2 | Ralph Cutie | Manager, Cost and Scheduling | | | | | 1.00 |
| 3 | Maria Cerna | Manager, Contracts and Configuration | 0.10 | | 0.40 | | 0.50 |
| 4 | Carlos Chain | A. O. 2 | | | | | 1.00 |
| 5 | Maria Del Pilar | Consultant (on contract) | | | 0.98 | | 0.02 |
| 6 | Christina Salinas | Consultant, Scheduling Engineer (on contract) | | | | | 1.00 |
| 7 | Astrid Grajales | Office Support Specialist | | | 0.80 | | 0.20 |
| 8 | Diane Chukwurah | Administrative Secretary | | | | | 1.00 |
| Subtotal | | | 0.10 | - | 2.18 | - | 5.72 |
| Materials Management | | | | | | | |
| 1 | Karen Mac Neill | Chief | | | | | 1.00 |
| <u>Procurement and Contracts Division</u> | | | | | | | |
| 2 | Diana Gonzalez | Manager (SPA1) | | 0.40 | | | 0.60 |
| 3 | Alexander Farfan | Administrative Assistant (TEMP) | | 0.80 | | | 0.20 |
| 4 | Paul Camejo | MDT Warranty Supervisor | | | | | 1.00 |
| 5 | Della Muhammad | A. O. 2 | | | | | 1.00 |
| 6 | Paul Conley | Transit Contracts Specification Supervisor | | | | | 1.00 |
| 7 | Sharon Walker | OSS 2 | | | | | 1.00 |
| 8 | Leland Wright | Transit Contract Compliance Officer | | | | | 1.00 |
| 9 | Charis Lubeck | Transit Contract Compliance Officer | | | | 0.05 | 0.95 |
| 10 | Judy Shepard | Buyer | | | | | 1.00 |
| 11 | Angel Villanaral | Buyer | | | | | 1.00 |
| 12 | Dallas Montgomery | Buyer | | | | | 1.00 |
| 13 | Tommy Lewis | Buyer | | | | | 1.00 |
| 14 | Patricia Rivas | Buyer | | | | | 1.00 |
| 15 | Jeff Alt | Transit Electronic Parts Specialist | | | | | 1.00 |
| <u>Inventory Management</u> | | | | | | | |
| 16 | Laverne Rentz | Manager (SPA1) | | | | | 1.00 |
| 17-20 | Four additional staff | | | | | | 4.00 |
| <u>Stores and Warehousing</u> | | | | | | | |
| 21 | Freeman Wright | Superintendent | | | | | 1.00 |
| 22-78 | 57 additional warehousing/stores staff | | | | | | 57.00 |
| Subtotal | | | - | 1.20 | - | 0.05 | 76.75 |
| Total (Three Divisions) | | | 0.10 | 3.78 | 2.95 | 0.05 | 87.12 |
| Office of Civil Rights ³ | | | | | | | |
| 1 | Francisco Fernandez | Acting Chief (position of Chief is vacant) | 0.07 | 0.07 | 0.11 | - | 0.75 |
| 2 | Francisco Fernandez | DBE Coordinator | 0.25 | 0.25 | 0.40 | - | 0.10 |
| 3 | VACANT | Contract Compliance Specialist | 0.25 | 0.25 | 0.40 | - | 0.10 |
| | | | 0.57 | 0.57 | 0.91 | - | 0.95 |

¹ FTEs computed for procurement related activities exclude senior management and supervisory oversight.

² This includes assessing user needs, developing an initial scope/specs document, and administering the contract after the award. It also includes miscellaneous activities such as providing guidance and supervision, preparing needed reports, and performing other job functions.

³ The Office of Civil Rights performs procurement activities required by the Federal Transit Administration (FTA). It ensures that contract language contains clauses required by the FTA and reviews projects for adherence to federal Disadvantaged Business Enterprise rules and minimum wage requirements. The current Acting Chief is also serving as the DBE Coordinator. The vacant position will be filled in September 2002 and time spent on procurement activities is estimated to be the same as the DBE Coordinator.

Attachment II
Public Works Department
Procurement FTE¹ Summary

| Staff | | Position/Classification | Procurement Related Activities By Contract Type | | | | Non-Procurement Activities ² |
|--------------------------------------|-----------------------------|--|---|--------------------|--------------|-------------|---|
| | | | A&E | Goods and Services | Construction | Commodities | |
| Contracts and Specifications Section | | | | | | | |
| 1 | Steve Rich | Manager | | | | | 1.00 |
| 2 | Grace Lopez | Clerk 4 | | | | | 1.00 |
| 3 | Adela Ledo | Assistant Manager | | | 0.85 | | 0.15 |
| 4 | VACANT ³ | A. O. 3 | | | | | 1.00 |
| 5 | Alina Vieta | Engineer 1 | | 0.50 | 0.50 | | - |
| 6 | Bernard Philippeaux | Engineer 2 | | | 0.90 | | 0.10 |
| 7 | Saifuddin Siddiqui | Engineer 2 | | | 0.95 | | 0.05 |
| 8 | Mohamed Taha | Engineer 2 | | | 1.00 | | - |
| 9 | Sergio Cuevas | Engineer 2 | | 0.10 | 0.90 | | - |
| 10 | Ivette Newland | Engineer 2 | | | 1.00 | | - |
| 11 | Juan Fernandez ⁴ | Engineer 2 | | 0.50 | 0.50 | | - |
| 12 | Denise D. Nichols | Word Processor 2 | | 0.03 | 0.48 | | 0.49 |
| 13 | Adriana Garces | Office Specialist (Filled by a temporary employee) | | | 0.40 | | 0.60 |
| 14 | Nikki Morena | O.S.S. 2 (Part-time/40 hours per week) | | | 1.00 | | - |
| Subtotal | | | - | 1.13 | 8.48 | - | 4.39 |
| Special Taxing District | | | | | | | |
| 1 | Mary Helen Cohen | Chief | | | | | 1.00 |
| 2 | Charles Small | Manager | | 0.002 | | | 0.9976 |
| 3 | Donald Thompson | Security Program Administrator | | 0.030 | | | 0.9700 |
| Subtotal | | | - | 0.032 | - | - | 2.968 |

¹ FTEs computed for procurement related activities exclude senior management and supervisory oversight.

² This includes assessing user needs and developing initial scope and specifications documents. It also includes activities such as providing guidance and supervision, preparing needed reports, and performing other job functions.

³ No data was provided on the job duties of the vacant A. O. 3 position.

⁴ This employee was not interviewed. Time allocation was based on Alina Vieta's time as indicated by the Section Chief.

**Attachment III
Miami-Dade Transit
Fiscal 2000-2002 Workload and Upcoming Projects**

| | Project/Contract Type | Project Status | | | | | | Identified Upcoming Projects ¹ | |
|-------------------------------|---|----------------|-----------------|------------------------------|-----------------|----------|-----------------|---|-----------------|
| | | Completed | | In Process as of August 2002 | | Total | | | |
| | | Quantity | Est. Value (\$) | Quantity | Est. Value (\$) | Quantity | Est. Value (\$) | Quantity | Est. Value (\$) |
| Project Control Division | A&E ¹ | 9 | \$17,567,372 | 3 | n/a | 12 | \$17,567,372 | | n/a |
| | Construction ² | 15 | \$45,316,500 | 4 | \$20,894,081 | 19 | \$66,210,582 | | n/a |
| Materials Management Division | Goods and Services | 10 | \$476,274,757 | 2 | \$62,000,000 | 12 | \$538,274,757 | 3 | \$100,000,000 |
| | Bid Waiver | 1 | 42,600,000 | 0 | - | 1 | 42,600,000 | 0 | - |
| | ITB | 1 | 182,274,757 | 0 | - | 1 | 182,274,757 | 0 | - |
| | RFP/RFQ | 8 | 251,500,000 | 2 | 62,000,000 | 10 | 313,500,000 | 3 | 100,000,000 |
| Property Development Division | Other | 4 | \$378,000 | 4 | n/a | 8 | \$378,000 | 0 | n/a |
| | Joint Development Agreements ³ | 4 | 370,000 | 4 | n/a | 8 | \$370,000 | 0 | - |
| Total | | 38 | \$ 539,528,629 | 13 | \$82,894,081 | 51 | \$ 622,422,710 | 3 | \$100,000,000 |

| | | | | | | | | | |
|-------------------------------|--|-----|--------------|-----|-----|-----|--------------|---|-----|
| Materials Management Division | Additional Projects | | | | | | | | |
| | Amendments | 2 | 2,500,000 | 1 | n/a | 3 | 2,500,000 | 2 | n/a |
| | Work Orders/Revisions | 0 | - | 1 | n/a | 1 | - | 2 | n/a |
| | Interlocal Agreements | 0 | - | 0 | - | 0 | - | 2 | n/a |
| | Contract Extensions | 0 | - | 0 | - | 0 | - | 2 | n/a |
| | Requisitions Submitted to DPM ⁵ | 303 | 48,087,754 | n/a | n/a | 303 | 48,087,754 | | n/a |
| Property Development Division | Long Term Leases ⁶ | 14 | 199,378 | 1 | n/a | 15 | 199,378 | 0 | - |
| | Short Term Permits ⁶ | 8 | 177,961 | 0 | - | 8 | 177,961 | 0 | - |
| | Interdepartmental Agreements | 1 | n/a | 0 | - | 1 | n/a | 0 | - |
| Total | | 328 | \$50,945,093 | 3 | n/a | 331 | \$50,945,093 | 8 | n/a |

¹ Represents certain identified projected projects. Future project volume is expected to increase and may vary as projected needs are refined and additional needs identified.

² Primarily procured through RFP. More detailed breakdown by solicitation type is unavailable at this time.

³ Primarily procured through sealed bid. More detailed breakdown by solicitation type is unavailable at this time.

⁴ Joint Development Agreements may be established through RFP or directly issued in accordance with County policy directives. Estimated value represents annual rental income for 2002.

⁵ Includes requisitions submitted to DPM between September 1999 and August 2002.

⁶ Lease and permit agreements may have been established prior to FY2000. Estimated value represents annual rental income for 2002.

Source: Miami-Dade Transit

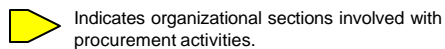
**Attachment IV
Public Works Department
Fiscal 2000-2002 Workload and Upcoming Projects**

| Project/Contract Type | Project Status | | | | | | Identified Upcoming Projects ¹ |
|-----------------------|----------------|---------------------|------------------------------|-----------------|-----------|---------------------|---|
| | Completed | | In Process as of August 2002 | | Total | | |
| | Quantity | Est. Value (\$) | Quantity | Est. Value (\$) | Quantity | Est. Value (\$) | |
| Goods and Services | 26 | \$10,077,000 | 0 | \$ - | 26 | \$10,077,000 | 0 |
| ITB | 5 | 4,077,000 | | n/a | 5 | 4,077,000 | n/a |
| RFPI/RFQ | 21 | 6,000,000 | | n/a | 21 | 6,000,000 | n/a |
| Total | 26 | \$10,077,000 | 0 | \$ - | 26 | \$10,077,000 | 0 |

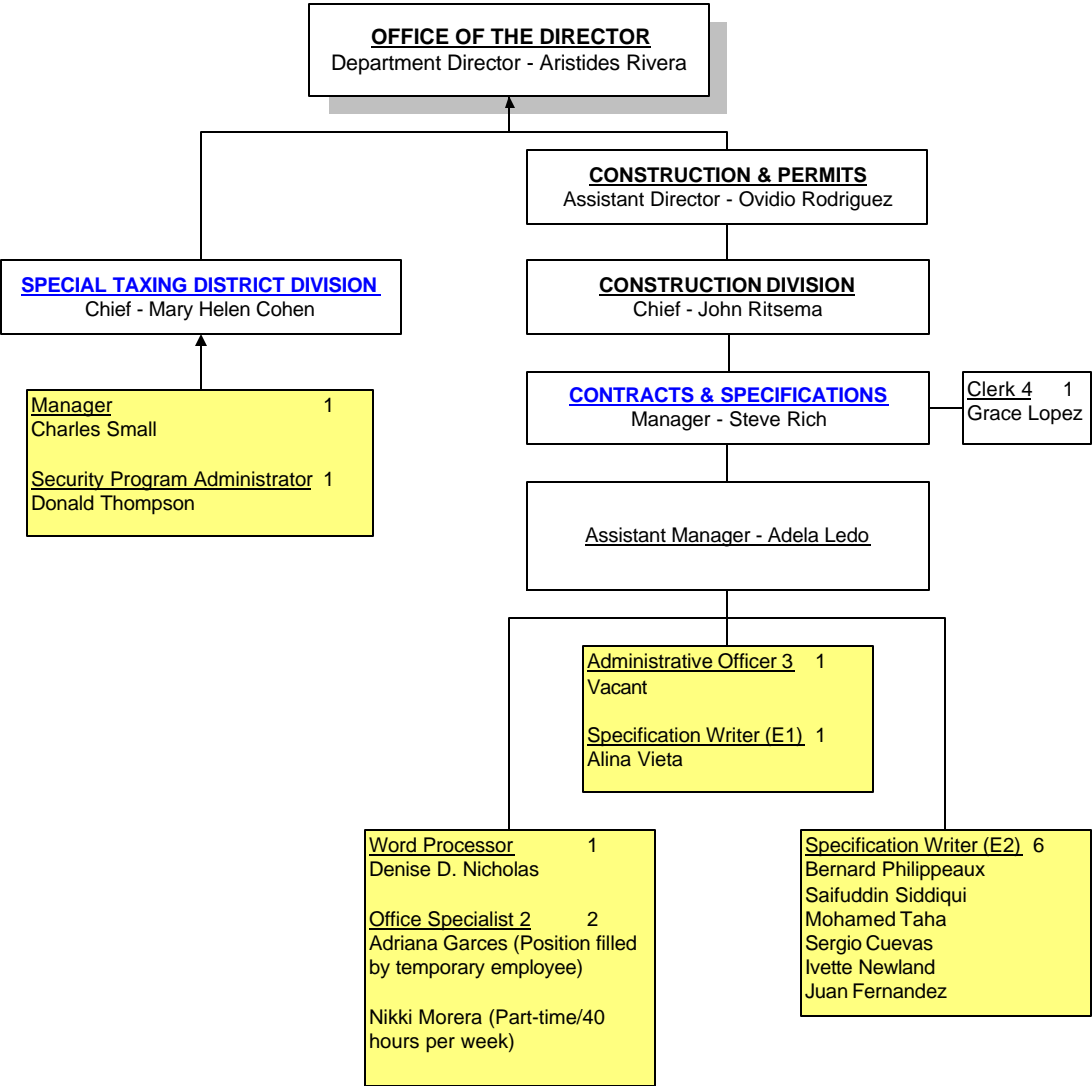
¹ Represents identified projected projects.


Source: Public Works Department

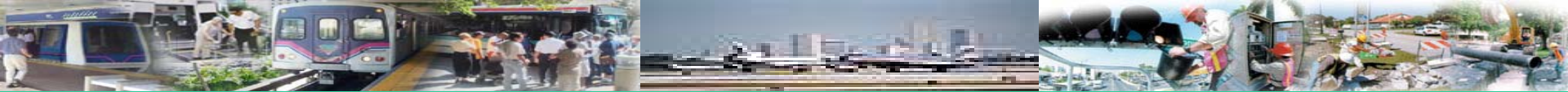
OFFICE OF THE DIRECTOR
Department Director - Danny Alvarez



Attachment VI
Public Works Department
Partial Table of Organization



 Indicates organizational sections involved with procurement activities.

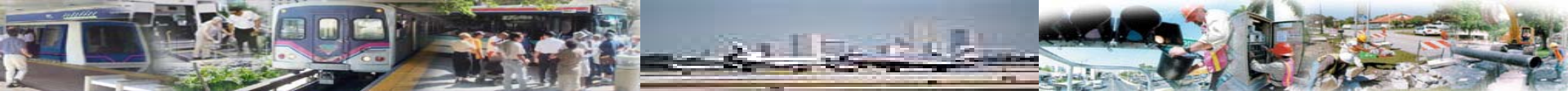


Procurement Consolidation Review Procurement Subcommittee

May 23, 2003

Miami-Dade County
Office of Performance Improvement

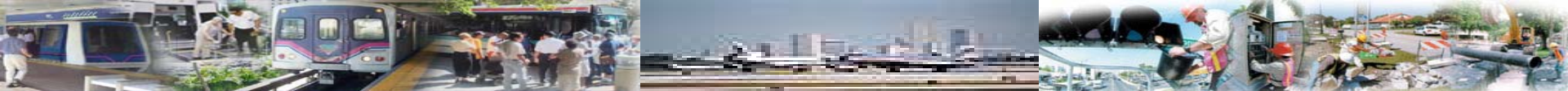




County Procurement Defined

- **Architects and Engineering (A&E) Services**
- **Construction Services**
- **Goods/Commodities and Services**
 - **Small purchases**
 - **Standard/Recurring**
 - Generally procured through multi-departmental contracts
 - Purchased by user departments on a price per unit basis
 - **Specialized/Non-recurring**
 - Generally procured on behalf of a single department
 - May be purchased for a fixed price or with multi-tiered pricing

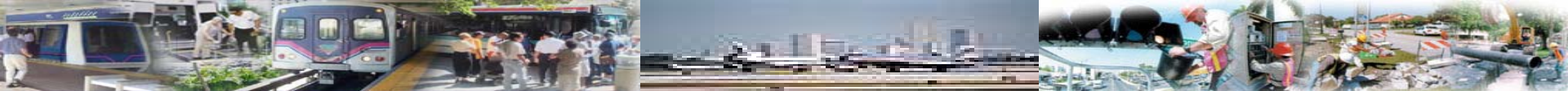




Today's FOCUS

- **DPM's Procurement Responsibilities related to Procurement of Goods/Commodities and Services**
 - Small purchases
 - Standard/Recurring
 - Generally procured through multi-departmental contracts
 - Purchased by user on a price per unit basis
 - Specialized/Non-recurring
 - Generally procured on behalf of a single department
 - Purchased for a fixed or with multi-tiered pricing

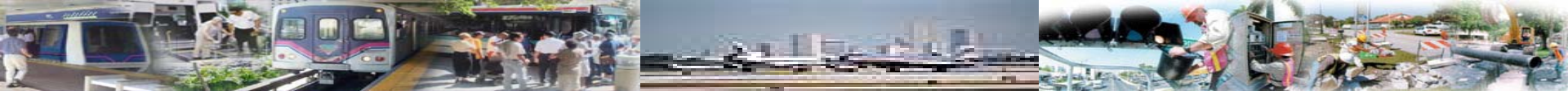




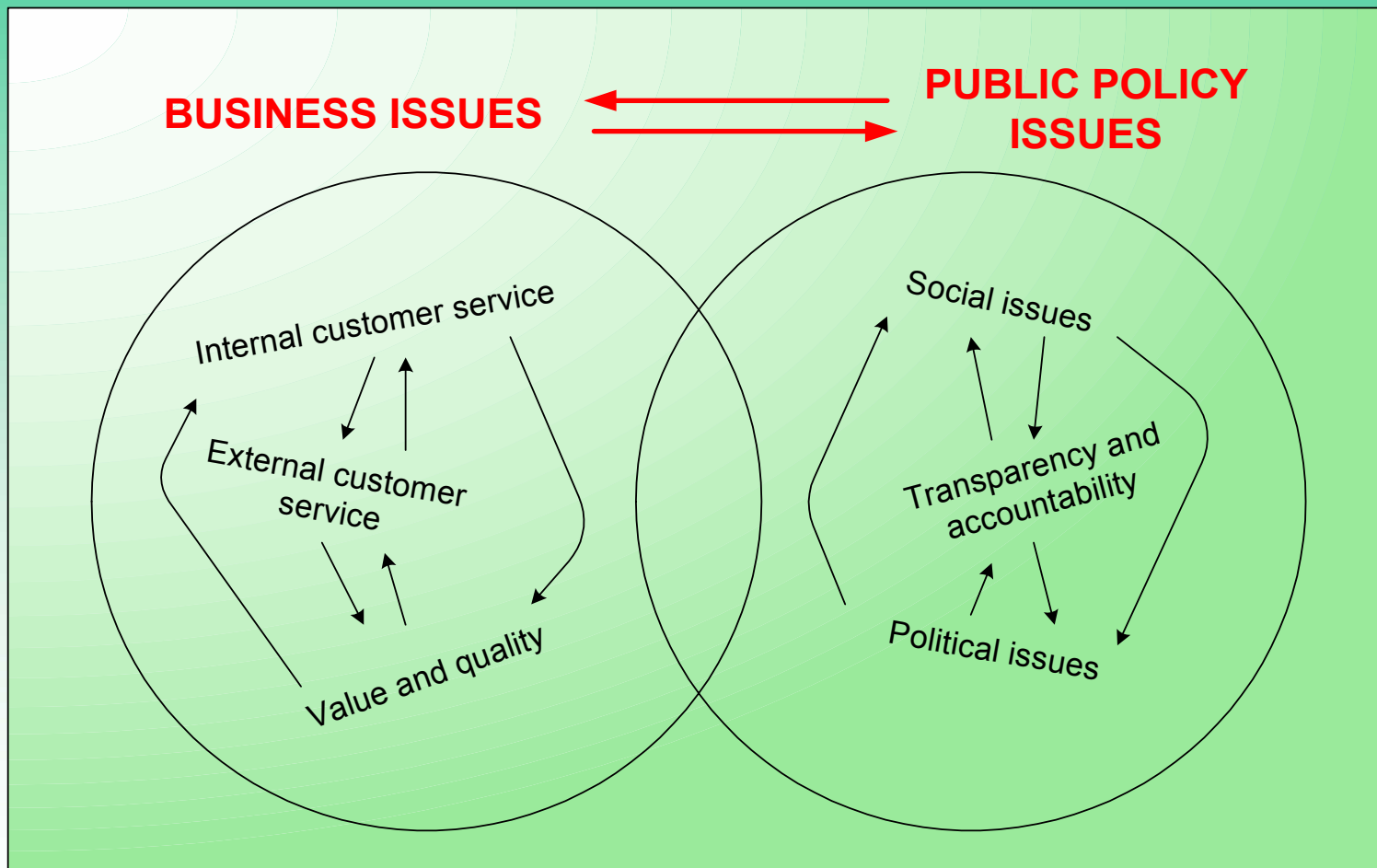
Recent Studies Analyzing Procurement

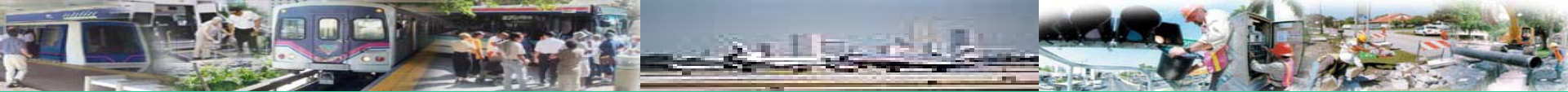
| STUDY | DATE | CONDUCTED BY |
|--|---------------|---|
| Procurement Organizational Review | June 1994 | AMS - Management Services |
| Procurement Management Review | May 1995 | Arthur Andersen |
| Comprehensive Procurement Report | May 1999 | Resource Management Task Force |
| Procurement Organization and Best Practices Survey | May 1999 | Office of Performance Improvement |
| Procurement Management Review | February 2002 | National Institute of Governmental Purchasing |





Competing Procurement Issues



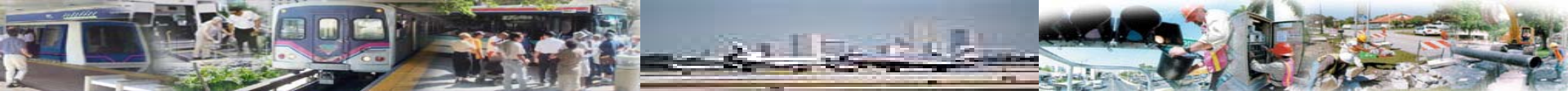


Procurement Reform Efforts

1998 - 1999

- November 1998: Manager's Blueprint for Organizational Reform and Accountability
 - Created Resource Management Task Force to
 - formulate fiscal policies to promote effective service delivery and prudent resource management.
 - focus on a comprehensive approach to the procurement functions in County government
- May 27, 1999: Task Force issues Comprehensive Procurement Report
 - outlines a work plan for procurement improvement.

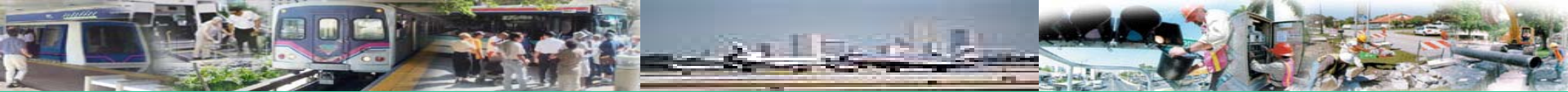




Procurement Reform Efforts, 1998-1999 (cont.)

- Key issue: organizational structure of procurement function, then a division of the General Services Administration Department
- Key recommendations :
 - Create a new Department of Procurement Management
 - Streamline procedural steps
 - Create a business center with one-stop shopping
 - Implement legislative improvements





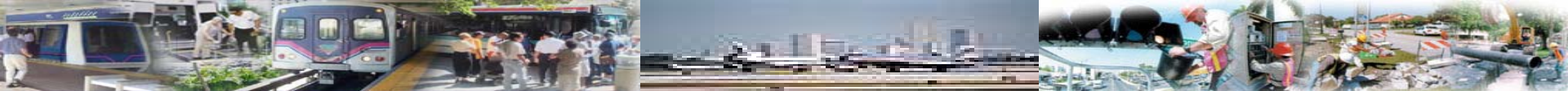
Procurement Reform Efforts, 1998-1999 (cont.)

Reasons for creation of DPM:

- **Business Issues**

- Standardize processes and procedures through centralization
- Address lack of strategic planning and forecasting to maximize buying power
- Enhance ability to negotiate contracts
- Streamline processes for County vendors
- Address staffing and technical support deficiencies
- Ensure consistency among procurement documents
- Update outdated regulations and administrative orders



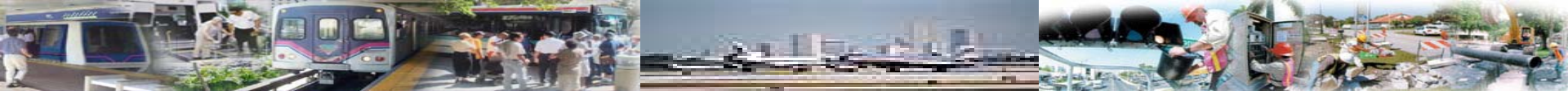


Procurement Reform Efforts, 1998-1999 (cont.)

Reasons for creation of DPM:

- **Public Policy Issues**
 - Restore public faith in the integrity of the County's procurement process

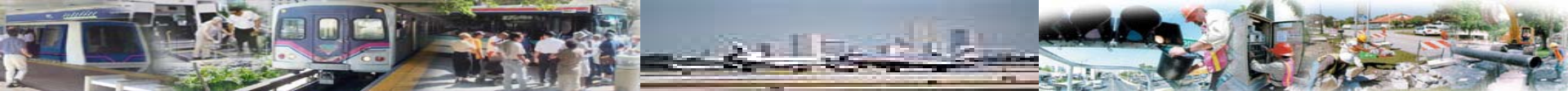




Procurement Reform Efforts, March 2000-present

Business Issues





Internal Customer Service

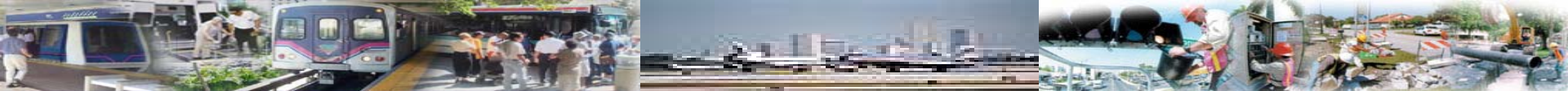
Accomplishments:

- Quarterly procurement workshops
- “Your Role and Ours” workshops
- E-procurement

Ongoing Issues:

- Procurement delays & resulting impact on user departments’ operations and costs
- DPM responsiveness
- DPM staff workloads
- Ability to provide guidance in developing scope of services





External Customer Service

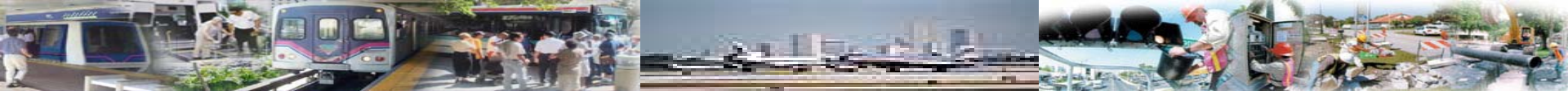
Accomplishments:

- Vendor Information Center (VIC)
- E-procurement
 - online solicitations
 - e-mail notification
 - Online “reverse auctions”
- Business process reform
 - Vendor enrollment
 - Condition of award registration
- Vendor “how-to” workshops
- Streamlined contract boilerplate

Ongoing Issues:

- Registration requirements



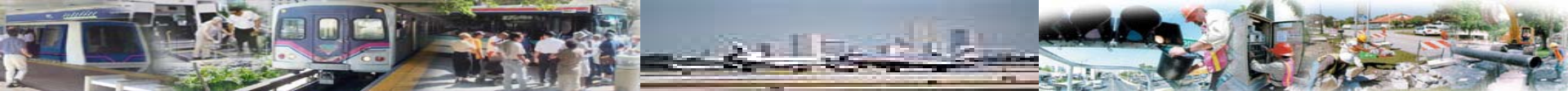


Quality & Value

Accomplishments:

- Standardization of procurement procedures and documents
- Increased number of procurement professionals (65 as of May 2003 up from 46 in March 2000)
- A.O. 3-33 (2001): Acquisition of Professional Services for A&E projects
- A.O. 3-34 (2001) Formation and Performance of Selection Committees
- A.O. 3-29 (2000): Prohibiting Contracts with Entities in Arrears with the County
- NIGP Outstanding Accreditation Award



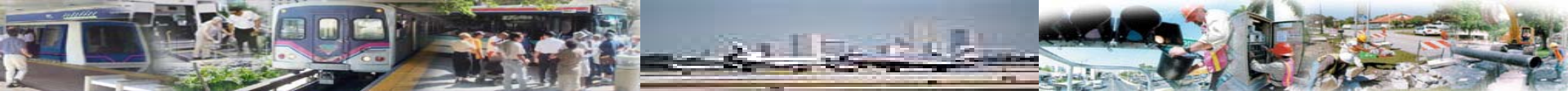


Quality & Value (cont.)

Accomplishments (cont.): Ongoing Issues:

- Created Competition Advocate position and a Non Competitive Acquisition Unit
 - Aggressive approach to contract negotiations
 - Increased competition due to external customer service improvements
 - Emphasis on market research
 - Creation of pre-qualified pool (“mini competition”) guidelines
 - Master A.O. that consolidates procurement policies
- Bonding and insurance requirements restrict competition
 - Need for advanced acquisition planning in user departments

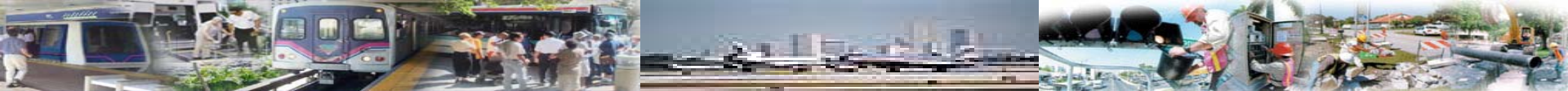




Procurement Reform Efforts, March 2000-present

Public Policy Issues





Social and Political Issues

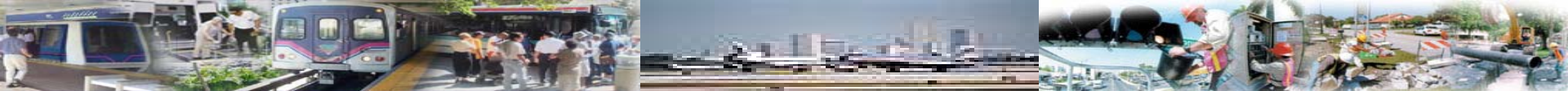
Accomplishments:

- A.O. 3-30 (2000): Living wage requirements for service contracts
- A.O. 3-32 (2001) Community Business Enterprise program for A&E projects – under EDP ordinance
- A.O. 3-37 (2003): Community Workforce Program
- Ordinance # 03-67 increases the Manager's authority to advertise, award and reject bids up to \$1 million

Ongoing Issues:

- Equitable work distribution
- Efficacy of BBE, HBE, WBE programs
- New BCC committee structure/scheduling and resultant procurement delays
- High profile investigations regarding federal minority participation requirements at MDAD
- Enforcement challenges





Transparency and Accountability

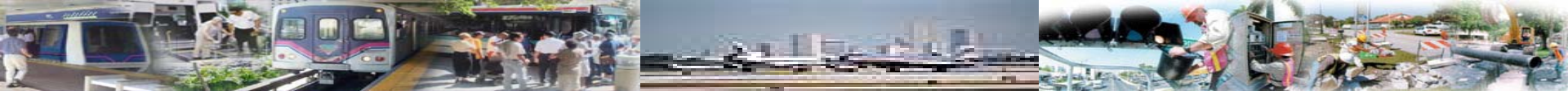
Accomplishments:

- A.O. 3-27 (1999): Cone of Silence
- A.O. 3-21: Bid Protest Procedures (2001)
- A.O. 3-31 (2001): Taping of Selection Committee meetings
- Lobbyist registration

Ongoing Issues:

- Perception of undue lobbyist influence
- Lobbyist fee disclosure
- Employee sanctions for violations of procurement policy and procedure

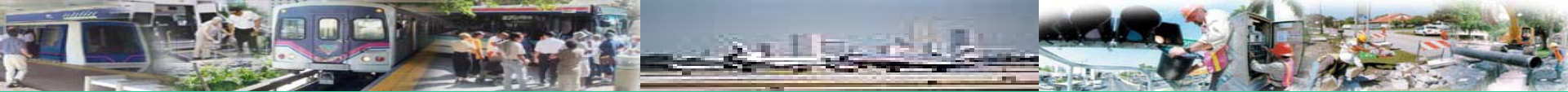




Support for Further Procurement Reform

- County Manager's 2002-03 Budget Message:
 - Calls for centralization of procurement activities in DPM
- Mayor Alex Penelas' 2003 State of the County Address:
 - “We must modernize and speed up our process of procurement”
- Chairperson Carey-Shuler established the Procurement Subcommittee to:
 - streamline process, reduce costs and encourage efficiencies
 - promote openness and accessibility to all segments of our community

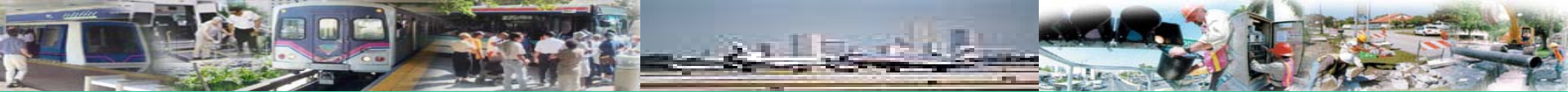




Support for Further Procurement Reform

- DPM's vision and plan:
 - DPM as a strategic partner (not a “paper pusher”)
 - DPM staff as project managers facilitating value-added purchasing
 - Expert, well trained procurement professionals
 - Become “best in class” among procurement departments nationwide
 - Redefine job functions and reorganize T.O.
 - Consolidation and oversight of procurement activities Countywide

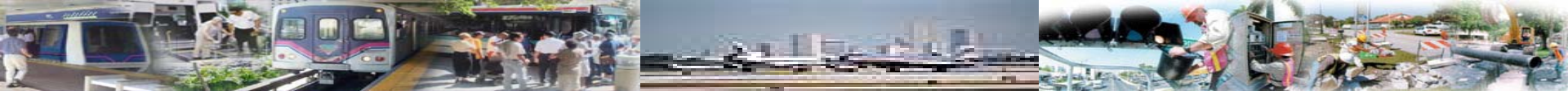




Why consolidation?

- Standardizes procurement process and procedures through centralization
- Addresses lack of strategic planning and forecasting to maximize buying power
- Enhances ability to negotiate contracts
- Streamlines processes for vendors to facilitate doing business with Miami-Dade County
- Ensures consistency among procurement documents
- Restores public faith in the integrity of the procurement process





What does County wish to consolidate within DPM?

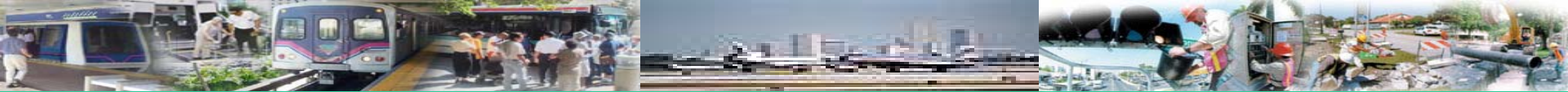
- **Procurement of Goods/Commodities and Services**
 - Small purchases
 - Standard/Recurring purchases
 - Specialized/Non-recurring purchases





Recommended Centralized Procurement Model for Goods and Services

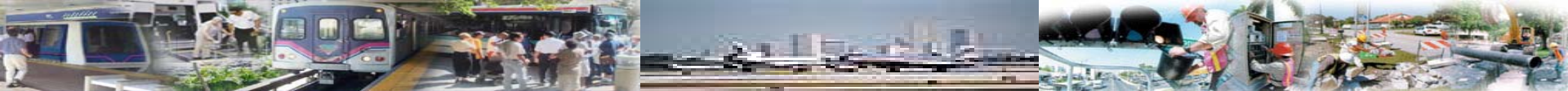
| <u>Task</u> | <u>Responsibility</u> |
|---|-----------------------|
| <i>Planning and Preparation</i> | |
| Advanced acquisition planning | DPM & User |
| Identify business need | User |
| Prepare scope and specifications | User |
| Market research | DPM & User |
| <i>Procurement Management</i> | |
| Determine procurement method | DPM |
| Prepare solicitation, advertise, issue addenda | DPM |
| Chair Selection Committee and evaluate responses | DPM |
| Administer protest with Third Party Administrator | DPM |
| Conduct negotiations | DPM |
| Execute Contract with vendor | DPM |
| <i>Post-award Contract Management</i> | |
| Purchase goods and services off of existing contracts | User |
| Manage vendor performance | User |
| Administer formal remedies for vendor nonperformance | DPM |



Procurement Consolidation Today

- DPM provides comprehensive procurement services for all but three County departments
 - MDAD, MDT and PWD issue solicitations independently
- OPI conducted staff activity analyses related to procurement in these departments
 - MDAD report issued 8/23/02
 - MDT & PWD report issued 9/25/02

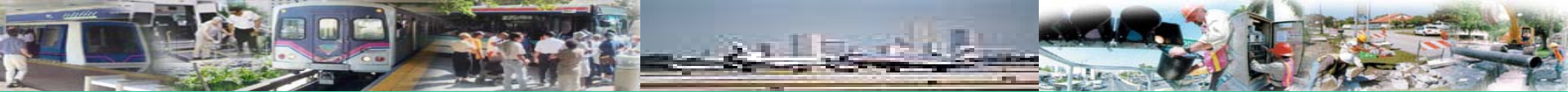




OPI Procurement Consolidation Review

MDAD, MDT and PWD

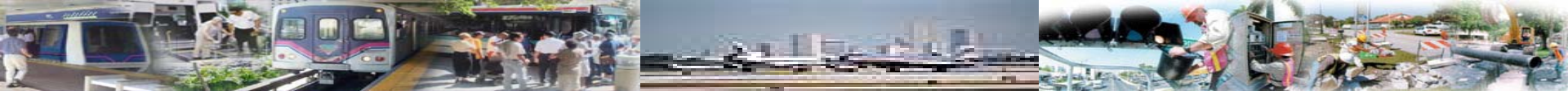




Methodology

- OPI analyzed procurement related staff activities and project workloads in MDAD, MDT, PWD
 - Initial interviews with management
 - Detailed one-on-one staff interviews:
 - 51 employees in MDAD
 - 28 employees in MDT
 - 15 employees in PWD
 - Performed workload analyses





Staff involved with Goods and Services Procurement at MDAD, PWD and MDT

| Department /Division | Number of Personnel Involved | FTEs |
|----------------------|------------------------------------|-------------|
| Aviation | 12 | 4.11 |
| Transit: | | |
| Property Development | 9 | 2.58 |
| Materials Management | 1 | .4 |
| Public Works | 6 | 1.16 |
| Total | 28 | 8.25 |



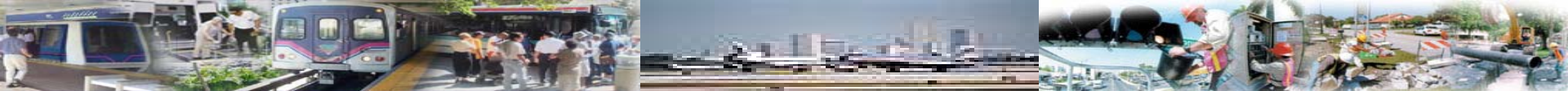


Current and Upcoming Workload

(Number of Solicitations and Estimated Total Contract Value, in \$Millions as of August 2002)

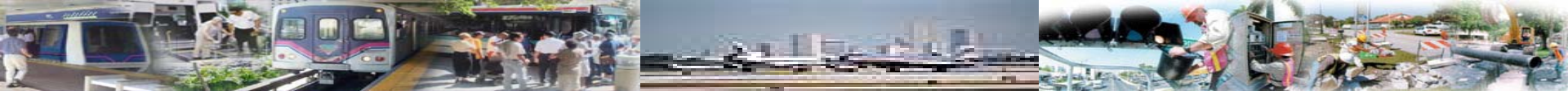
| Department | In process as of August 2002, total | | In process as of August 2002, Non-recurring / Specialized G&S | | Upcoming projects, total | | Upcoming projects, non-recurring / specialized G&S | |
|--------------|-------------------------------------|---|---|---|--------------------------|---|--|---|
| | Number | Estimated Contract Value, in \$Millions | Number | Estimated Contract Value, in \$Millions | Number | Estimated Contract Value, in \$Millions | Number | Estimated Contract Value, in \$Millions |
| Aviation | 32 | 352 | 20 | 118 | 52 | 442 | 2 | |
| Transit | 13 | 83 | 2 | 62 | | | 3 | 100 |
| Public Works | <i>Data Not Available.</i> | | | | | | | |
| Total | 45 | 435 | 22 | 180 | 52 | 442 | 5 | 100 |





FINDINGS: Existing Goods and Services Procurement process

| <u>Task</u> | <u>Responsibility</u> |
|---|-----------------------|
| | <u>Desired State</u> |
| <i>Planning and Preparation</i> | |
| Perform advanced acquisition planning | DPM/User |
| Identify need | User |
| Prepare scope / specifications | User |
| Perform market research | DPM/User |
| <i>Procurement Management</i> | |
| Determine procurement method | DPM |
| Prepare solocation, advertise, issue addenda | DPM |
| Chair Selection Committee and evaluate responses | DPM |
| Administer protest with Third Party Administrator | DPM |
| Conduct negotiations | DPM |
| Execute Contract with Vendor | DPM |
| <i>Post-award Contract Management</i> | |
| Purchase goods and services off of existing contracts | User |
| Manage vendor performance | User |
| Administer formal remedies for vendor nonperformance | DPM |

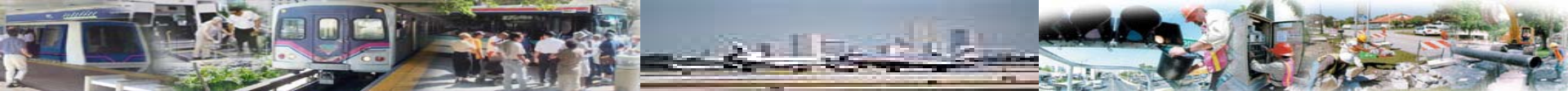


DPM 2002 Workload Without Consolidation

| Unit | Number of Solicitations | Contract Amount (in \$Millions) | Avg Number of Solicitations per person | Avg Total Contract Amount per person (in \$Millions) |
|------------------|-------------------------|---------------------------------|--|--|
| Bids & Contracts | 876 | 738 | 27 | 23 |
| RFP | 20 | 331 | 2 | 37 |

•By comparison, as of August 2002: MDAD Project Managers were responsible for an average of 6-7 solicitations per person worth an average total of \$70 million.

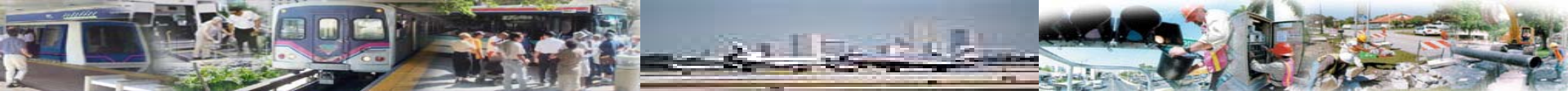




DPM Staffing Impact

| | |
|--|-------|
| FY 02-03 Positions | 106 |
| Current Vacancies | 13 |
| Additional Positions Needed to Meet Current DPM Responsibilities - Without Consolidation | 20 |
| Additional Positions Needed to Absorb Current Workload from MDAD, MDT, PWD | 7 - 9 |





Pros and Cons of Organizational Consolidation (in general)

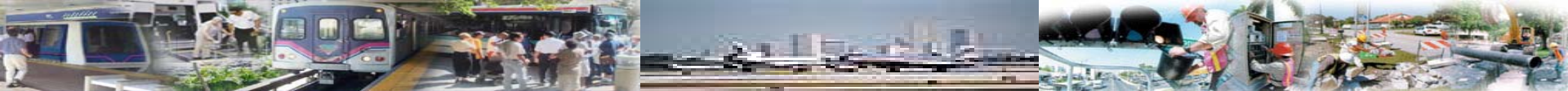
Pros:

- Professional procurement
- Central control and oversight
- Centralized checks/balances
- Separation of duties/reduced bias and conflict of interests
- Standardized processes
- Economies of scale
- Ability to address common interests (related to the consolidated functions) in a coordinated manner
- Increased competition

Cons:

- Reduced user control and flexibility
- Reduced user subject matter expertise
- Reduced ability to coordinate the consolidated function with other local processes
- Reduced proximity to users
- Increased process times and “red tape”

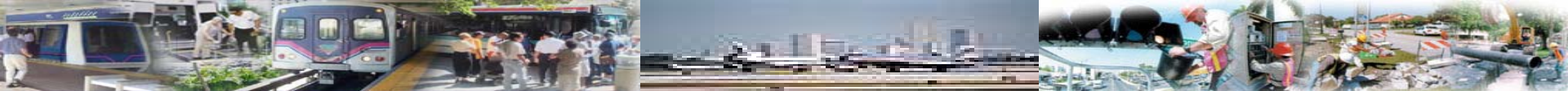




Consolidation Issues to be Resolved

- Departmental customer service requirements
 - Dedicated staff for MDAD procurement?
 - Will services improve with consolidation?
 - Impact of procurement delays on operations
 - Capital Improvement Program
 - People's Transportation Plan
 - Concessions revenue

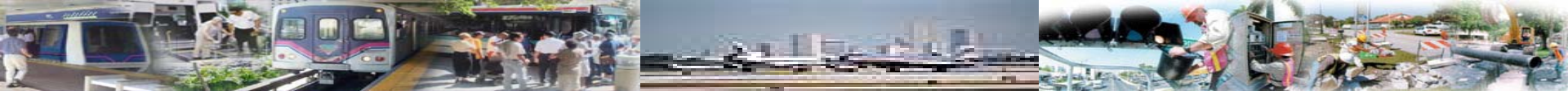




Consolidation Issues to be Resolved

- Flexibility to lump Construction and Goods and services procurement into one solicitation
 - Timing and Coordination of Goods and Services deliveries with construction needs
 - Project schedules
 - Storage and delivery logistics
 - Product and other warranty implications

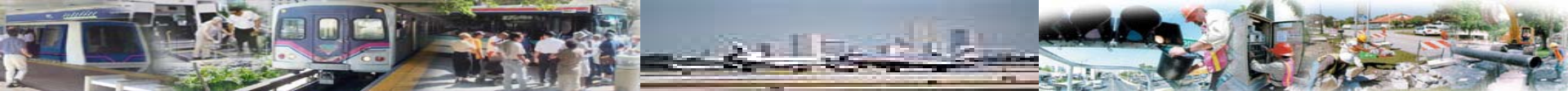




Consolidation Issues to be Resolved

- DPM Responsiveness to current and near term department needs
 - Speed
 - Product delivery
 - Technical capability and familiarity with unique needs and situations
 - Flexibility
- Departments' acceptance of and participation in forward procurement planning

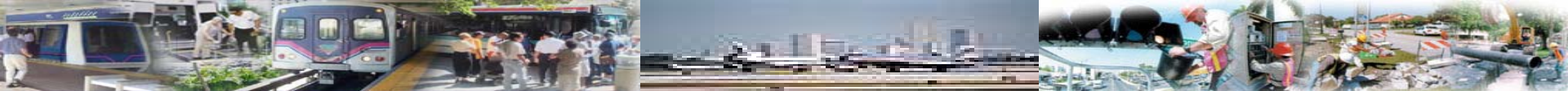




Consolidation Issues to be Resolved

- Staffing
 - Current DPM staffing levels for existing and future workload
 - DAC's involvement in MDAD Procurement
 - MDAD/MDT procurement staff are cross-trained and perform RFP, RFQ, ITB, A&E solicitations; while
 - DPM staff are specialized (ITB unit/RFP unit)

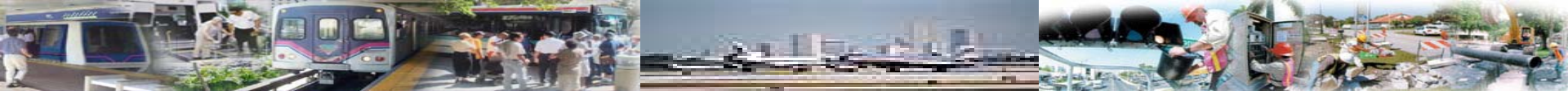




Consolidation Issues to be Resolved

- Staffing (cont.)
 - Extended work hours required on many MDAD projects
 - Discrepant employee classifications and pay ranges across departments
 - Physical location of staff

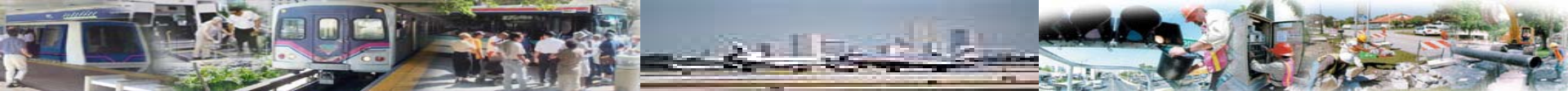




Consolidation Issues to be Resolved

- FTA requirements
 - Certification to procure with federal dollars
 - Reporting and FTA audit requirements
- Determination of procurement methods
 - Earlier DPM involvement
 - Unique industry demands and regulations require close collaboration and flexibility
- Collaboration during scope preparation

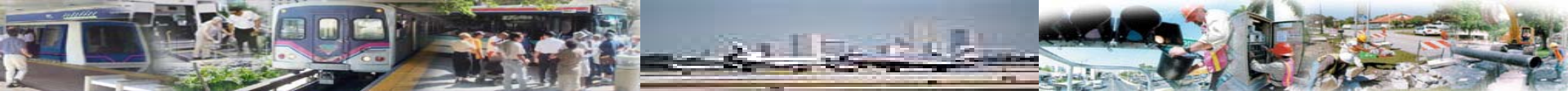




Consolidation Issues to be Resolved

- Compatibility of computer systems
- Interaction with MDAD Commodities Management Division
- MDT leases, joint development contracts and inter-local agreements
- Need for a comprehensive consolidation plan and timeline

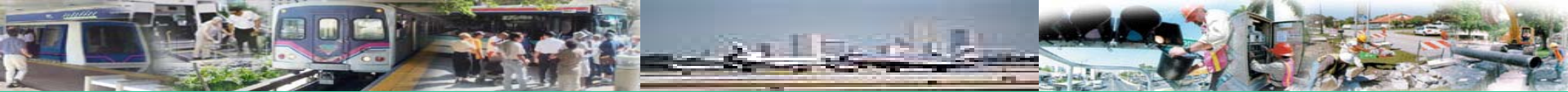




Policy Alternatives

- **Status quo – no consolidation**
- **Consolidate all functions immediately**
- **Staged Consolidation**
 - **MDT and PWD**
 - **Consolidate oversight immediately**
 - **Prepare detailed implementation plan to absorb day-to-day work**
 - **Consolidate remaining functions by October 2003**
 - **MDAD**
 - **Consolidate certain oversight functions immediately**
 - **MDAD performs procurement functions for a stated period**
 - **Reassess performance and DPM's ability to absorb MDAD workload before further consolidation**





Questions?

